

PSC NO: 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: JULY 21, 2011  
STAMPS: Issued in Compliance with Order issued May 23, 2011 in Case No. 11-E-0176

LEAF: 219  
REVISION: 1  
SUPERSEDING REVISION: 0

#### GENERAL INFORMATION

40. ADJUSTMENT TO CHARGE PURSUANT TO THE NEW YORK POWER AUTHORITY (NYPA)  
HYDROPOWER BENEFIT RECONCILIATION MECHANISM (Continued)

40.2.2 **Forecast NYPA Residential Cost** in dollars for the respective month is the forecast cost (in Rule 40.4), used in the development of the rate plan approved in PSC Case No. 01-M-0075 which may be updated in CTC Resets, to paid by the Company to NYPA for delivery of power under Niagara Firm, Niagara Peaking, St. Lawrence Firm, and residual Replacement Power not allocated and consumed by qualifying industrial customers.

40.2.3 **Forecast NYPA Residential Supply** in MWh for the respective month is the forecast energy (in Rule 40.4) used in the development of the rate plan approved in PSC Case No. 01-M-0075 which may be updated in CTC Resets to be delivered by NYPA to the Company under Niagara Firm, Niagara Peaking, St. Lawrence Firm, and residual Replacement Power not allocated and consumed by qualifying industrial customers.

40.2.4 **Actual NYPA Residential Supply** in MWh for the respective month is the actual delivered energy by NYPA to the Company under Niagara Firm, Niagara Peaking, St. Lawrence Firm, and residual Replacement Power not allocated and consumed by qualifying industrial customers.

40.2.5 **Market Price** in \$/MWh for the respective month shall mean the forecast energy and capacity market price used to establish the over-market variable cost, as approved in PSC Case No. 01-M-0075.

40.3 In accordance with New York Public Authorities Law §1005, Subdivision 13-b - Residential Consumer Discount Program, NYPA will use revenues from the sale of hydroelectric power and such other NYPA funds as deemed feasible and advisable by NYPA's trustees to fund monthly credits to residential customers' bills.

40.3.1 The credit will be reflected in the form of a per kWh amount equal to the monthly forecast of payments from NYPA divided by the month's forecasted sales.

40.3.1.1 The monthly credit provided to customers shall not exceed the total monthly electric utility bill for each customer.

40.3.2 The resulting factor will be shown as a separate line item on the monthly NYPA Hydropower Reconciliation Mechanism Statement.

40.3.3 Forecasted sales used for determining the monthly credit will be reconciled to actual sales on a two month-lag basis, with any over/under amount collected/refunded to customers.

40.4 Filing of Reconciliation Rate Statements

40.4.1 In accordance with Rule No. 40.1.1, the annual reconciliation rate shall be shown on a statement filed annually with the Public Service Commission apart from the rate schedule not less than three (3) business days before its effective date.

40.4.2 In accordance with Rule No. 40.1.2, the monthly reconciliation rate shall be shown on a statement filed monthly with the Public Service Commission apart from the rate schedule not less than three (3) business days before its effective date.

Issued by Thomas B. King, President, Syracuse, NY